Investment Idea / IPO Note

Camaroe Berhad

Harvesting Growth

By Lee Cai Yu

★★★☆☆ **BUY**

IPO Price: RM0.14

Fair Value: RM0.17

Camaroe Berhad (CAMAROE, 0371) is slated to debut on the ACE Market on 2nd Oct 2025. The company involves in the farming and processing of premium black tiger prawns. It has 149 ponds across 5 coastal prawn farms located in Selangor, Pahang and Terengganu. We projected CAMAROE to register core net earnings of RM7.8m and RM8.2m for FY25F and FY26F respectively. We peg a fair value of RM0.17 based on 10x PER on FY26F EPS, in line with its comparable peers' PER.

CAMAROE's vertically integrated model provides full supply chain control, ensuring (i) consistency of supply, (ii) maintenance of margins and (iii) scalability through pond expansion, supporting long-term revenue growth. The group's strong certification base, including myGAP, GMP, HACCP, MeSTI, EU Fisheries Quality, and the recent NSF Antibiotic-Free certification, enhances its credibility within the premium export markets where food safety and traceability are critical. With a customer base anchored on large B2B buyers in Asia, CAMAROE benefits from economies of scale and avoids reliance on the fragmented domestic market.

The harvested prawns are processed at its Kapar Processing Facility in Selangor which houses processing lines, cold storage, and distribution infrastructure. The group exports mainly frozen prawns in two formats: (i) head-on shell-on, (ii) headless peeled and remains export-driven, with more than 70% of FY24 revenue derived from China, South Korea, and Taiwan.

IPO proceeds of RM13.9m will be used to fund the New Bukit Raja Processing Facility (RM6.9m), invest in machinery (RM0.7m) and solar panels (RM0.4m), establish a biotechnology department (RM1.0m) to enhance yields and survival rates, and strengthen working capital. These initiatives reflect a dual focus on capacity expansion and sustainability. With the Bukit Raja facility expected to be completed by 1QCY29, CAMAROE is setting the foundation for higher export volumes and greater downstream efficiency over the longer term.

While revenue is expected to dip slightly in FY25 due to the temporary absence of a South Korean customer that previously contributed ~17% of sales, management has emphasised this is a short-term setback tied to food labelling regulation changes. Sales are expected to normalise in the 2HFY25, supported by major orders and seasonally stronger demand in the fourth quarter.

Overall, CAMAROE offers investors a niche but compelling entry into a high-margin (~20%), export-oriented aquaculture growth story. With a net cash position, CAMAROE is financially resilient and equipped to sustain growth post-listing.

KLCI	1,603.55
YTD FBM KLCI change	-2.36%
YTD FBM SC Index change	-8.22%

Stock Information

Market Cap Upon Listing (RM'm)	69.3
Enlarged Share Capital (m)	495.0
Shariah Compliant	Yes

IPO Proceeds (RM'm)

Capacity Expansion	8.0
Establishment of a Biotechnology Department	1.0
General Working Capital	1.0
Estimated Listing Expenses	3.9
Total	**13.9**

Major Shareholders

Teoh Han Boon	35.4%
Low Saw Cheng	28.8%
Teoh Kheng Huat	6.1%

Summary Earnings Table

FY Dec (RM'm)	2024A	2025F	2026F	2027F
Revenue	39.8	39.7	40.5	41.3
EBIT	10.8	10.5	11.0	11.3
Pretax profit	10.6	10.3	10.7	11.0
PATAMI	**8.1**	**7.8**	**8.2**	**8.3**
Core PATAMI	**8.1**	**7.8**	**8.2**	**8.3**
Consensus	-	-	-	-
Core EPS (sen)	1.6	1.6	1.6	1.7
EPS growth (%)	31.0	-3.4	4.5	2.2
DPS (sen)	-	-	-	-
PER (x)	8.6	8.9	8.5	8.3
BV/Share (RM)	0.06	0.14	0.16	0.17
ROE (%)	32.5	16.2	11.1	10.2
Div. Yield (%)	-	-	-	-

Sources: Prospectus, Rakuten Trade Research

COMMPANY	Definition
Buy	The stock return is expected to exceed the KLCI benchmark by more than 10% over the next 6-12 months.
Trading Buy	Short-term positive development on the stock that could lead to a re-rating in the share price and translate into an absolute return of 10% over the next 3-6 months. Trading Buy is generally for investors who are willing to take on higher risks.
Take profit	The stock return previously recommended has gained by >10%
Hold	The stock return is expected to be in line with the KLCI benchmark (+/- 5%) over the next 6-12 months.
Sell	The stock return is expected to underperform the KLCI benchmark by more than 10% over the next 6-12 months.
SECTOR	
Overweight	Industry expected to outperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Neutral	Industry expected to perform in-line with the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Underweight	Industry expected to underperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.

Scoring model:

The in-house scoring model is derived from Rakuten Trade Research valuation matrix based on earnings growth, earnings visibility, business model, valuation, balance sheet, technical analysis, and shareholder value creation. Each parameter is given a specific weighting.

All buy calls are based on the research team's judgement. Investing is risky and trading is at your own risk. We advise investors to:

- read and understand the contents of the disclosure document or any relevant agreement or contract before investing;
- understand the risks involved in relation to the product or service;
- compare and consider the fees, charges and costs involved; and
- make your own risk assessment and seek professional advice, where necessary.

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